

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

|   |   |                      |
|---|---|----------------------|
| In the Matter of  | ) |                      |
|   | ) |                      |
| Connect America Fund  | ) | WC Docket No. 10-90  |
|   | ) |                      |
| A National Broadband Plan for Our Future                              | ) | GN Docket No. 09-51  |
|   | ) |                      |
| Establishing Just and Reasonable Rates for<br>Local Exchange Carriers | ) | WC Docket No. 07-135 |
|   | ) |                      |
| High-Cost Universal Service Support                                   | ) | WC Docket No. 05-337 |
|   | ) |                      |
| Developing an Unified Intercarrier<br>Compensation Regime             | ) | CC Docket No. 01-92  |
|   | ) |                      |
| Federal-State Joint Board on Universal<br>Service                     | ) | CC Docket No. 96-45  |
|   | ) |                      |
| Lifeline and Line-Up  | ) | WC Docket No. 03-109 |
|   | ) |                      |
| Universal Service Reform – Mobility Fund                              | ) | WT Docket No. 10-208 |

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**APPENDIX D**

**AFFIDAVIT OF TIM MORISSEY**

**IN SUPPORT OF**

**EMERGENCY PETITION OF ALLBAND COMMUNICATIONS COOPERTIVE FOR  
INTERIM PARTIAL WAIVER OF THE PART 54.302 RULE AND FOR  
INCREASED PER-LINE SUPPORT**

Tim Morrissey, first being duly sworn, files this affidavit in support of Allband Communication Cooperative's (Allband) accompanying Waiver Petition of The Part 54.302 Rule for an Interim Level of Support.

1. My name is Timothy J. Morrissey. I am employed by Fred Williamson & Associates (FWA) as President. I also hold a Certified Public Accountant (CPA) Certificate. FWA is a consulting firm that specializes in financial and regulatory compliance for rural telecommunications providers. I have worked for over ten years as a consultant for Allband with respect to its regulatory and financial matters. This included providing analysis and documents to support Allband's various waiver petitions associated with its universal service support payments filed in this docket and analysis to respond to the Universal Service Administrative Company's (USAC) September 23, 2015 Memorandum.
2. The purpose of this Affidavit and the attached analysis is to document the amount of floor per-line support that is justified for Allband Communications Cooperative, Inc. (Allband) wholly irrespective of any findings or exceptions contained in the September 23, 2015 USAC Memorandum, the July 20, 2016 Order of the Federal Communications Commission, or any determinations that may result from USAC's ongoing compliance review. Additionally, my Affidavit provides support that Allband's accounting and cost allocation procedures are in compliance with the Commission's Part 32, Part 54 and Part 64 Rules.
3. I have reviewed the September 23, 2015 USAC Memorandum. The Memorandum contains several findings that pertain only to time reporting and certain operating expense accounts with respect to account classification and assignment to non-regulated operations. For the years 2012 through 2014, the Memorandum doesn't contain any findings concerning the amounts of Allband's regulated network investments and related costs including return on investment, depreciation expense and operating taxes. Additionally, the Memorandum does not contain findings nor express concerns with expenses associated with preparation of Allband's cost study that is necessary for determination of its high cost support amounts.
4. I have calculated the amount of support based upon the 2014 costs that are undisputed in the Memorandum. The 2014 cost study employed to calculate support amounts

incorporates corrections of findings contained in USAC's Memorandum and adjustments necessary to remove a reasonable portion of joint costs from regulated operations. Interstate Common Line Support (ICLS) and High Cost Loop Support (HCLS) were calculated only including the 2014 costs for return on investment, depreciation expense, operating taxes and cost study expense. All other expenses, including plant specific expenses, plant non-specific expenses, customer service expenses and corporate expenses, except cost study fees, were excluded from the calculations. Allband's cost studies are currently under review by USAC, including review of the aforementioned expenses, for determination of a reasonable amount of cost recovery that may be included in Allband's ICLS and HCLS amounts. A summary of the total support amount and the amount per line/month, based only on the undisputed costs identified above, is shown on Attachment 1.

5. Attachment 1 shows that the HCLS including only the recovery of undisputed costs is \$482,939 and the ICLS is \$241,803. The sum of these amounts represents a total support amount of \$724,742 or \$375 per line/month. These amounts don't reflect the overall budget adjustments implemented by USAC effective July 1, 2016. Attachment 2 contains support for calculation of the HCLS. On Attachment 2, Page 2, Lines AL13, AL14, AL15, AL16, AL21 and AL22 reflect revisions to incorporate balances of zero in the support calculations. The amount shown on Line AL19 are expenses directly attributable to cost study preparation. Consequently, expenses that are subject to USAC's pending review, normally included in HCLS, have been removed from the calculation of the support amount. The HCLS amount also reflects Allband's pro rata share of the reduction necessary to meet the overall budgeted HCLS. Attachment 3 provides support for the calculation of ICLS support. The Common Line revenue requirement shown is \$254,361. As shown on Attachment 3, Page 3, the only expenses included in the revenue requirement are depreciation, cost study expense, and operating taxes. The ICLS amount of \$241,803 shown on Attachment 1 reflects the Common Line Revenue Requirement less the End User Common Line Charges of \$12,558.

6. Regardless of the outcome of the current USAC review of Allband, the undisputed costs for 2014 justify a minimum level of HCLS and ICLS support of \$724,742 or \$375 per line/month, before overall budget adjustments are applied by USAC.
7. I have reviewed Allband's corrective actions for time reporting and general ledger systems documented in the Corrective Action Plan. The corrective actions taken by Allband bring the accounting in compliance with the FCC's Parts 32, 54 and 64, Subpart I rules. Consequently, the 2016 information reflected in Allband's accounting records is a reasonable basis for determining its high cost support.

SWORN TO AND SUBSCRIBED BEFORE ME  
THIS 11<sup>th</sup> DAY OF January A.D. 2017  
Sandra M. Vance  
NOTARY PUBLIC STATE OF MISSOURI  
MY COMMISSION EXPIRES: 8/30/2020  
COUNTY OF St. Charles

SANDRA M. VANCE  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Charles County  
My Commission Expires: August 30, 2020  
Commission Number: 12411264

Jim Morrissey  
Tim Morrissey  
121 East College Street  
Broken Arrow, Oklahoma  
(918) 298-1618  
tmorrissey@fwainc.com

**ALLBAND COMMUNICATIONS COOPERATIVE  
 CALCULATION OF PROJECTED  
 UNIVERSAL SERVICE FUNDING FOR CAPITAL COSTS ONLY  
 BALANCE FOR THE YEAR ENDED DEC 31, 2014**

**Summary of Support Per Loop for Recovery of Capital Costs Only**

|                                |                                   | <u>Total</u>     | <u>Per Loop/Mo.</u> |
|--------------------------------|-----------------------------------|------------------|---------------------|
| 1 Total HCLS                   | See Attached Estimated Annual HCL | \$482,939        | \$250               |
| 2 Total Common Line            | See Attached Interstate Part 69   | \$254,361        |                     |
| 3 Less: EUCL Revenue           | \$6.50*161 Lines * 12             | <u>\$12,558</u>  |                     |
| 4 ICLS Support                 | Line 2 Less Line 3                | <u>\$241,803</u> | \$125               |
| 5 Total HCLS and ICLS Per Line |                                   | <u>\$724,742</u> | <u>\$375</u>        |

**ALLBAND COMMUNICATIONS COOPERATIVE**  
**CALCULATION OF PROJECTED**  
**UNIVERSAL SERVICE FUND REPORT OF DATA**  
**BALANCE FOR THE YEAR ENDED DEC 31, 2014**

Calculation of High Cost Fund Support

**CURRENT YEAR - Cap Costs Only w/ Switch and Router adjustment**

National Average Unseparated  
Revenue Requirement Per Loop

**647.87** Per NECA Online System

Revenue Requirement Per Loop \$5,363.34

Company Access Lines 161

|                                 | Allocation<br>Amount | Interstate<br>Allocation | Intrastate<br>Allocation | Universal<br>Service Fund |
|---------------------------------|----------------------|--------------------------|--------------------------|---------------------------|
| 0 - 115% of National Average    | 745.05<br>100%       | 186.26<br>25%            | 558.79<br>75%            | -<br>0%                   |
| 115% - 150% of National Average | 226.75<br>100%       | 56.69<br>25%             | 22.68<br>10%             | 147.39<br>65%             |
| Over 150% of National Average   | 4,391.54<br>100%     | 1,097.88<br>25%          | -<br>0%                  | 3,293.65<br>75%           |
| <b>TOTAL</b>                    | <b>5,363.34</b>      | <b>1,340.84</b>          | <b>581.46</b>            | <b>3,441.04</b>           |

Calculated Support

Annual Amount \$554,008 (3,441.04\*161 Lines)

Pro Rata Factor 0.871719

Estimated Annual USF HCL: \$482,939

\$250

**ALLBAND COMMUNICATIONS COOPERATIVE**  
**UNIVERSAL SERVICE FUND**  
**LOOP COST AND EXPENSE ADJUSTMENT ALGORITHMS**

|      | <b>DESCRIPTION</b>  | <b>AMOUNT</b> |
|------|---|---------------|
| AL1  | C&WF plus C&WF portion of Capital Leases assigned to Cat. 1   | 5,644,426     |
| AL2  | Central Office Equipment plus COE portion of Capital Leases assigned to Category 4.13                         | 161,986       |
| AL3  | "A" Factor C&WF. C&WF Cat 1 divided by Total C&WF   | 0.988637051   |
| AL4  | "B" Factor COE. COE Cat 4.13 divided by Total COE.  | 0.265849552   |
| AL5  | "C" Factor C&WF (Gross Allocator) C&WF Category 1 divided by Total Plant in Service                           | 0.840815166   |
| AL6  | "D" Factor COE (Gross Allocator) COE Category 4.13 divided by Total Plant in Service                          | 0.02413002    |
| AL7  | Material & Supplies assigned to C&WF Cat. 1   | 110,952.09    |
| AL8  | Material & Supplies assign to COE Cat. 4.13   | 3,184.14      |
| AL9  | Accumulated Depreciation plus Net Noncurrent Deferred Operating Income Taxes assign to C&WF Cat. 1            | 1,644,951.32  |
| AL10 | Accumulated Depreciation plus Net Noncurrent Deferred Operating Income Taxes assign to COE Cat 4.13           | 103,386.52    |
| AL11 | "E" Factor C&WF (Net Allocator) NET C&WF Cat. 1 divided by NET TPIS   | 0.8759647     |
| AL12 | "F" Factor COE ( Net Allocator) NET COE Cat. 4.13 divided by NET TPIS   | 0.013166536   |
| AL13 | C&WF Maintenance Expense Assigned to Cat. 1   | 0.00          |
| AL14 | COE Maintenance Expense assigned to Cat. 4.13   | 0.00          |
| AL15 | Network Support Expenses plus General Support Expenses assigned to C&WF Cat. 1 and COE Cat. 4.13              | 0.00          |
| AL16 | Network Operations Expenses assigned to C&WF Cat. 1 and COE Cat 4.13  | 0.00          |
| AL17 | Depreciation and Amortization Expense assigned to C&WF Cat 1  | 256,564.61    |
| AL18 | Depreciation and Amortization Expense assigned to COE Cat 4.13  | 13,615.39     |
| AL19 | Corporate Operations Expense assign to C&WF Cat. 1 and COE Cat. 4.13, limited in accordance with 36.621(a)(4) | 36,790.44     |
| AL20 | Operating Taxes assigned to C&WF Cat. 1 and COE Cat. 4.13   | 87,153.97     |
| AL21 | Benefits other than Corporate Operations Expense assigned to C&WF Cat. 1 and COE Cat. 4.13                    | 0.00          |
| AL22 | Rents assigned to C&WF Cat. 1 and COE Cat. 4.13   | 0.00          |
| AL23 | Return Component for C&WF Cat. 1  | 462,422.98    |
| AL24 | Return Component for COE Cat. 4.13  | 6,950.63      |
| AL25 | Total Unseparated Costs   | 863,498.03    |
| AL26 | Study Area Cost per Loop (SACPL)  | \$5,363.34    |

ALLBAND COMMUNICATIONS COOPERATIVE  
COST STUDY FOR THE YEAR ENDED DEC 31, 2014  
INTERSTATE PART 69 Prepared 8/22/2016

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| Account/Category                             | (a)<br>Total<br>Amount | (b)<br>Total<br>Allocated LDI | (c)<br>CL - EU | (d)<br>CL - CXR | (e)<br>Switch | (f)<br>Info | (g)<br>Interstate Allocated Amount<br>Transport | (h)<br>Eq Acc | (i)<br>Spcl Acc | SpAc - Other | SpAc - DSL | (j)<br>B&C | (k)<br>IX - Msg | (l)<br>IX - PL |
|--|------------------------|-------------------------------|----------------|-----------------|---------------|-------------|---|---------------|-----------------|--------------|------------|------------|-----------------|----------------|
| 1. Rate Base                                 | 4,810,302              | 1,362,893                     | 1,137,915      | 0               | 77,268        | 0           | 11,202  | 0             | 136,508         | 33,069       | 103,439    | 0          | 0               | 0              |
| 2. Rate of Return                            | 9.2792%                | 11.2500%                      | 11.2500%       | 11.2500%        | 11.2500%      | 11.2500%    | 11.2500%  | 11.2500%      | 11.2500%        | 11.2500%     | 11.2500%   | 11.2500%   | 11.2500%        | 11.2500%       |
| 3. Return on Rate Base                       | 446,355                | 153,325                       | 128,015        | 0               | 8,693         | 0           | 1,260   | 0             | 15,357          | 3,720        | 11,637     | 0          | 0               | 0              |
| 4. Interest During Construction              | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 5. ITC and Excess Deferred Tax Amortization  | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 6. Other Adjustments                         | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 7. Net Return                                | 446,355                | 153,325                       | 128,015        | 0               | 8,693         | 0           | 1,260   | 0             | 15,357          | 3,720        | 11,637     | 0          | 0               | 0              |
| 14. State Income Tax                         | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 15. Federal Income Tax                       | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 16. Operating Expenses                       | 469,656                | 180,619                       | 115,907        | 0               | 27,988        | 0           | 1,023   | 0             | 35,701          | 4,191        | 20,876     | 0          | 0               | 0              |
| 17. Uncollectibles                           | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 18. Revenue Requirement (Pre-MAG)            | 916,011                | 333,945                       | 243,922        | 0               | 36,681        | 0           | 2,284   | 0             | 51,058          | 7,911        | 32,513     | 0          | 0               | 0              |
| MAG SHIFT FOR JANUARY THROUGH JUNE 2014      |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 19. Line Port Shift                          |                        |                               | 10,439         |                 |               |             |   |               |                 |              |            |            |                 |                |
| 20. TIC Allocation                           |                        |                               | 0              | 0               |               |             |   |               | 0               | 0            | 0          |            |                 |                |
| 21. Revenue Requirement After MAG Adjustment |                        | 411,431                       | 254,361        | 0               | 106,012       |             |   |               | 51,058          | 7,911        | 32,513     | 0          | 0               | 0              |
| MAG SHIFT FOR JULY THROUGH DECEMBER 2014     |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 22. Frozen Line Port Shift                   |                        |                               | 10,439         |                 |               |             |   |               |                 |              |            |            |                 |                |
| 23. Frozen TIC Allocation                    |                        |                               | 0              | 0               |               |             |   |               | 0               | 0            | 0          |            |                 |                |
| 24. Revenue Requirement After Frozen CAF     |                        | 406,131                       | 254,361        | 0               | 100,712       |             |   |               | 51,058          | 7,911        | 32,513     | 0          | 0               | 0              |
| 25. Revenue Requirement After MAG Allocation |                        | 408,781                       | 254,361        | 0               | 103,362       | 0           | 0   | 0             | 51,058          | 7,911        | 32,513     | 0          | 0               | 0              |



ALLBAND COMMUNICATIONS COOPERATIVE  
COST STUDY FOR THE YEAR ENDED DEC 31, 2014  
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| Account/Category                                      | (a)<br>Total<br>Amount | (b)<br>Total<br>Allocated LDI | (c)<br>CL - EU | (d)<br>CL - CXR | (e)<br>Switch | (f)<br>Info | (g)<br>Interstate Allocated Amount<br>Transport | (h)<br>Eq Acc | (i)<br>Spcl Acc | SpAc - Other | SpAc - DSL | (j)<br>B&C | (k)<br>IX - Msg | (l)<br>IX - PL |
|---|------------------------|-------------------------------|----------------|-----------------|---------------|-------------|---|---------------|-----------------|--------------|------------|------------|-----------------|----------------|
| <b>Account 2001 - Plant in Service:</b>               |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 1. Account 2410 - Cable and Wire Facilities           | 5,709,300              | 1,449,989                     | 1,411,106      | 0               | 0             | 0           | 12,933  | 0             | 25,950          | 25,950       | 0          | 0          | 0               | 0              |
| 2. Account 2310 - Information Orig/Term Equip         | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 3. Account 2210 - Switching Equipment                 | 228,236                | 194,001                       | 0              | 0               | 194,001       | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 4. Account 2220 - Operator Systems                    | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 5. Account 2230 - Transmission Systems                | 381,078                | 254,934                       | 40,849         | 0               | 0             | 0           | 1,789   | 0             | 212,295         | 22,976       | 189,319    | 0          | 0               | 0              |
| 6. Account 2110 - Land and Support Assets             | 306,802                | 92,203                        | 70,500         | 0               | 9,420         | 0           | 715   | 0             | 11,568          | 2,376        | 9,192      | 0          | 0               | 0              |
| 7. Account 2680 - Tangible Assets                     | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 8. Account 2690 - Intangible Assets                   | 95,327                 | 28,648                        | 21,905         | 0               | 2,927         | 0           | 222   | 0             | 3,594           | 738          | 2,856      | 0          | 0               | 0              |
| 9. Total Account 2001 - Plant in Service              | 6,720,743              | 2,019,774                     | 1,544,361      | 0               | 206,347       | 0           | 15,659  | 0             | 253,407         | 52,039       | 201,368    | 0          | 0               | 0              |
| 11. Equal Access Investment                           | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 12. Account 2002 - Property Held for Future Use       | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 13. Account 2003 - Plt. Und. Const., Short Term       | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 14. Account 2004 - Plt. Und. Const., Long Term        | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 15. Account 2005 - Plant Acquisition Adjustment       | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 16. Account 1220 - Materials and Supplies             | 129,673                | 32,933                        | 25,181         | 0               | 3,365         | 0           | 255   | 0             | 4,132           | 849          | 3,283      | 0          | 0               | 0              |
| 17. Rural Telephone Bank Stock                        | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 18. Cash Working Capital                              | 32,676                 | 16,605                        | 12,696         | 0               | 1,696         | 0           | 129   | 0             | 2,083           | 428          | 1,655      | 0          | 0               | 0              |
| 19. Gross Rate Base                                   | 6,883,092              | 2,069,312                     | 1,582,238      | 0               | 211,408       | 0           | 16,043  | 0             | 259,622         | 53,316       | 206,306    | 0          | 0               | 0              |
| 20. Account 3100 - Accumulated Depreciation           | 1,977,464              | 677,771                       | 422,418        | 0               | 131,214       | 0           | 4,619   | 0             | 119,520         | 19,509       | 100,011    | 0          | 0               | 0              |
| 21. Account 3200 - Deprec. on Prop. Held for Fut. Use | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 22. Account 3400 - Accumulated Amort. on Tang. Assets | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 23. Account 3500 - Accumulated Amort. on Intangibles  | 95,327                 | 28,648                        | 21,905         | 0               | 2,927         | 0           | 222   | 0             | 3,594           | 738          | 2,856      | 0          | 0               | 0              |
| 24. Account 3600 - Other Accumulated Amortization     | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 25. Account 4040 - Customer Deposits                  | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 25. Account 4100 - Current Deferred Income Taxes      | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 26. Account 4310 - OPEB                               | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 27. Account 4340 - Non-current Deferred Income Tax    | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 28. Equal Access Reserves                             | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 29. Total Reserves                                    | 2,072,791              | 706,419                       | 444,323        | 0               | 134,140       | 0           | 4,841   | 0             | 123,114         | 20,247       | 102,867    | 0          | 0               | 0              |
| 30. Net Rate Base                                     | 4,810,302              | 1,362,893                     | 1,137,915      | 0               | 77,268        | 0           | 11,202  | 0             | 136,508         | 33,069       | 103,439    | 0          | 0               | 0              |

Note 1 : Separated based upon total expense less non-cash items. Allocated based upon "Other Investment" (Part 69.309)

Note 2 : Allocated based upon relative Telephone Plant in Service

ALLBAND COMMUNICATIONS COOPERATIVE  
COST STUDY FOR THE YEAR ENDED DEC 31, 2014  
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| Account/Category  | (a)<br>Total<br>Amount | (b)<br>Total<br>Allocated LDI | (c)<br>CL - EU | (d)<br>CL - CXR | (e)<br>Switch | (f)<br>Info | (g)<br>Interstate Allocated Amount<br>Transport | (h)<br>Eq Acc | (i)<br>Spcl Acc | SpAc - Other | SpAc - DSL | (j)<br>B&C | (k)<br>IX - Msg | (l)<br>IX - PL |
|---|------------------------|-------------------------------|----------------|-----------------|---------------|-------------|---|---------------|-----------------|--------------|------------|------------|-----------------|----------------|
| <b>Plant Specific Operations Expense:</b>                 |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 1. Account 6110 - Network Support Expense                 | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 2. Account 6120 - General Support Expense                 | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 3. Account 6210 - Switching Expense                       | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 4. Account 6220 - Operator Systems Expense                | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 5. Account 6230 - Transmission Expense                    | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 6. Account 6310 - Info Orig/Term Expense                  | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 7. Account 6410 - Cable and Wire Facilities Exp.          | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 8. Total Plant Specific Operations Expense                | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| <b>Plant Non-Specific Expense:</b>                        |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 9. Account 6510 - Oth. Prop., Plt. and Eq. Exp.           | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 10. Account 6530 - Network Operations Expense             | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 11. Account 6540 - Access Expense                         | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 12. Account 6560 - Deprec. of Plant in Service            | 326,358                | 107,802                       | 71,485         | 0               | 14,261        | 0           | 789   | 0             | 21,268          | 3,411        | 17,857     | 0          | 0               | 0              |
| 13. Account 6560 - Amort. of Plant in Service             | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 14. Account 6560 - Amortization of Acq. Adj.              | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 15. Equal Access Expense                                  | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 18. Total Plant Non-Specific Operations Expense           | 326,358                | 107,802                       | 71,485         | 0               | 14,261        | 0           | 789   | 0             | 21,268          | 3,411        | 17,857     | 0          | 0               | 0              |
| <b>Customer Operations Expense:</b>                       |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 19. Account 6610 - Marketing Expense                      | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 20. Account 6620 - Services Expense                       | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 21. Total Customer Operations Expense                     | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| <b>Corporate Operations Expense:</b>                      |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 22. Account 6710 - Exec. and Planning Expense             | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 23. Account 6720 - General and Admin. Expense             | 42,535                 | 42,535                        | 21,268         | 0               | 10,634        | 0           | 0   | 0             | 10,634          | 0            | 0          | 0          | 0               | 0              |
| 24. Total Corporate Operations Expense                    | 42,535                 | 42,535                        | 21,268         | 0               | 10,634        | 0           | 0   | 0             | 10,634          | 0            | 0          | 0          | 0               | 0              |
| 25. Account 7100 - Other Expenses                         | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| <b>Other Operating Taxes</b>                              |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 27. Account 7200 - Other Operating Taxes                  | 100,762                | 30,282                        | 23,154         | 0               | 3,094         | 0           | 235   | 0             | 3,799           | 780          | 3,019      | 0          | 0               | 0              |
| <b>Other Expenses</b>                                     |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 28. Account - 7370 Special Charges (Allowed Portion Only) | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 29. Account - 7540 Interest on Customer Deposits          | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 30. Total Other Expenses                                  | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 31. Total Operating Expense excluding Income Taxes        | 469,656                | 180,619                       | 115,907        | 0               | 27,988        | 0           | 1,023   | 0             | 35,701          | 4,191        | 20,876     | 0          | 0               | 0              |

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| Account/Category                                  | (a)<br>Total<br>Amount | (b)<br>Total<br>Allocated LDI | (c)<br>CL - EU | (d)<br>CL - CXR | (e)<br>Switch | (f)<br>Info | (g)<br>Interstate Allocated Amount<br>Transport | (h)<br>Eq Acc | (i)<br>Spcl Acc | SpAc - Other | SpAc - DSL | (j)<br>B&C | (k)<br>IX - Msg | (l)<br>IX - PL |
|---|------------------------|-------------------------------|----------------|-----------------|---------------|-------------|---|---------------|-----------------|--------------|------------|------------|-----------------|----------------|
| <b>Separations Factors</b>                        |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 1. Account 2001 - Plant in Service                | 1.000000               | 1.000000                      | 0.764621       | 0.000000        | 0.102164      | 0.000000    | 0.007753  | 0.000000      | 0.125463        | 0.025765     | 0.099698   | 0.000000   | 0.000000        | 0.000000       |
| 2. Net Telephone Plant                            | 1.000000               | 1.000000                      | 0.835793       | 0.000000        | 0.056133      | 0.000000    | 0.008225  | 0.000000      | 0.099848        | 0.024245     | 0.075603   | 0.000000   | 0.000000        | 0.000000       |
| 3. Plant Under Construction                       | 0.000000               | 0.000000                      | 0.000000       | 0.000000        | 0.000000      | 0.000000    | 0.000000  | 0.000000      | 0.000000        | 0.000000     | 0.000000   | 0.000000   | 0.000000        | 0.000000       |
| 4. Plant Spec. Ops. Exp., excl. Gen. & Ntwk. Sup. | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 5. Network Operations Expense                     | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 6. Customer Operations Expense                    | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 7. Big 3 Expense (Lines 4 thru 6)                 | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 8. Distribution of Line 7                         | 0.000000               | 0.000000                      | 0.000000       | 0.000000        | 0.000000      | 0.000000    | 0.000000  | 0.000000      | 0.000000        | 0.000000     | 0.000000   | 0.000000   | 0.000000        | 0.000000       |
| <b>Access Factors</b>                             |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 9. Plant Specific Operations Expense              |                        | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 10. Plant Non-specific Operations Expense         |                        | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 11. Customer Operations Expense                   |                        | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 12. Big 3 Expense (Lines 9 thru 11)               |                        | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 13. Distribution of Line 12                       |                        | 0.000000                      | 0.500000       | 0.000000        | 0.250000      | 0.000000    | 0.000000  | 0.000000      | 0.250000        | 0.000000     | 0.000000   | 0.000000   | 0.000000        | 0.000000       |
| 14. IO/T, C&WF, COE, Gen. Supp., & Equal Access   |                        | 1.000000                      | 0.764621       | 0.000000        | 0.102164      | 0.000000    | 0.007753  | 0.000000      | 0.125463        | 0.025765     | 0.099698   | 0.000000   | 0.000000        | 0.000000       |
| 15. Account 2001 - Plant in Service (IX Carrier)  |                        | 1.000000                      | 0.000000       | 0.000000        | 0.434038      | 0.000000    | 0.032937  | 0.000000      | 0.533025        | 0.109461     | 0.423563   | 0.000000   | 0.000000        | 0.000000       |
| <b>Income Adjustments for Taxes</b>               |                        |                               |                |                 |               |             |   |               |                 |              |            |            |                 |                |
| 16. ITC Amortization                              | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 17. Excess Deferred Tax Amortization              | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 18. Fixed Charges                                 | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 19. Depreciation Adjustment                       | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 20. Allowance for Funds Used During Construction  | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 21. Other Adjustments for Income Taxes            | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |
| 22. Total Income Adjustments                      | 0                      | 0                             | 0              | 0               | 0             | 0           | 0   | 0             | 0               | 0            | 0          | 0          | 0               | 0              |